

School Choice in Georgia and Beyond

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The issue of school choice has found its way to the forefront of educational policy decisions in many states across the nation, including Georgia. In the past two years, the Georgia General Assembly has passed legislation that created a charter school commission, provided scholarships to special needs students, and offered state income tax credits to individuals and couples who donate money to non-profit organizations that provide scholarships to public students to attend private schools. Legislation may be introduced in the 2009 Legislative Session providing for a statewide voucher program, available to all parents that would allow tax dollars spent on education to follow the student.

There are different programs that can be used to provide school choice. Perhaps the most obvious is private schooling in the traditional sense, which is available for those in an area with a desirable school who can afford the tuition with-

out help from public funding or scholarships. According to the U.S. Department of Education,



11 percent of students in the U.S. are enrolled in private schools. Families can also exercise school choice by moving to a neighborhood in order to be zoned for a particular school. The Department of Education in a different study found that 24 percent of public school students fall into this category.

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A New Life for Tax Allocation Districts in Georgia

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Recently, the citizens of Georgia approved a constitutional amendment authorizing the use of education money for redevelopment of economically depressed areas. The amendment passed with 51.5% of the vote. Many Georgians seemed unsure about allowing school systems to use education money for redevelopment purposes. While this may sound like something schools would not be interested in doing, most school boards in the state were strongly in favor of this amendment. In fact, a few were already engaged in this practice despite it technically being unconstitutional at the time. Using education dollars to finance redevelopment was authorized by a state law enacted in 1985 however, the State Supreme Court found

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Another program of school choice involves the use of tax credits, tax deductions, and education savings accounts. Tax credits and deductions for education are tax policies that allow parents to claim a credit or deduction against their tax liability for approved educational expenses, including tuition. These tax policies also enable individuals or corporations to receive a tax credit for contributions to tuition scholarship organizations. States that currently use these tax policy initiatives include Arizona, Florida, Pennsylvania, Illinois, Iowa, and Minnesota. Education savings accounts are bank accounts that are free from taxation and parents are allowed to save up to \$2,000 annually for funds to be used toward educational expenses.

Publicly funded vouchers and scholarships are a third type of school choice that provide certificates with a specific dollar value that may be applied toward tuition at an eligible school. Currently, these programs are available in the District of Columbia, Florida, Utah, Cleveland, Ohio, and Milwaukee, Wisconsin.

Statistics indicate that home-schooling by a parent or guardian is by far the fastest growing form of school choice. The number of home-schooled students rose vastly - from 345,000 to 1,100,000 between 1994 and 2003. Studies have shown that home-schooled stu-



dents perform better than students in both public and private schools, and that by high school, they are performing at four grade levels above the national average.

Magnet schools are known as one of the oldest forms of school choice. Magnet schools have a specific academic focus, and draw students of widely varying ethnic backgrounds. Entrance into a magnet school is selective and decided by testing. According to the U.S. Department of Education, there are 1,736 magnet schools in 28 states. Georgia currently has 80 magnet schools, as of the 2007-2008 school year.

Open enrollment laws also allow parents the choice of any school system in the state. These laws have proven promising in research by the National Center for Education Statistics, which found that parents of students in either private schools or public schools cho-

sen by the parents were "more likely to say that they were 'very satisfied' with their children's schools, teachers, academic standards, and order and discipline" than were parents of students attending an assigned public school.

A final option for school choice is charter schooling. A charter school is a public school sponsored by a local school board, university, state board of education, or other state governing body and is operated by groups of parents, teachers, other individuals, or private organizations. Charter schools have a great deal of autonomy; however this autonomy requires more accountability for student performance. Over 3,000 independent public schools (charter schools) have opened their doors since 1991. Georgia currently accounts for 114 of those schools. Charter schools are open to all students, and are funded primarily through taxes. Currently, 40

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this law to be unconstitutional in February of 2008. The Georgia Redevelopment Powers Law allowed local governments, including school boards, to create or participate in the creation of Tax Allocation Districts (TADs) which are very popular in metropolitan Atlanta, and in use in almost every other state.

A TAD is established for the purpose of encouraging investment in underdeveloped areas. This is done by financing certain redevelopment activities through the use of bonds. These bonds are repaid through the future incremental increases in property taxes generated by the new development. Areas considered for TADs may be severely blighted, have vacant properties, or be otherwise economically or environmentally depressed.

A Redevelopment Plan is required for each TAD and it must specify the authorized uses of TAD funds. These funds must be spent within the boundaries of the district, and spending must be consistent with the Redevelopment Plan. In Georgia, TAD funds can be used in a variety of ways, including for capital costs such as: new construction, renovation, rehabilitation, demolition, or expansion of existing buildings, public works improvements, acquisition of equipment, and clearing and grading of land.

Most other states use the term Tax Increment Financing (TIF) to describe TADs as found in Georgia Law. In Georgia, the term Tax Increment Financing is still applicable; however the TAD is the geographic area in which that financing occurs. Simply put, TIF is the economic development tool used in a TAD. Tax increment refers to the difference between the amount of property tax revenue generated when the TAD is established and the amount of property tax revenue generated after the TAD designation. When a TAD is created, the State sets the base value for the district. Any growth in property tax revenues resulting from increases in property values above this base value are collected in a special fund and used for the redevelopment costs in the TAD. Only property taxes generated by these increases are available for use by the TAD.

The Georgia Redevelopment Powers Law gave additional powers, including the authority to issue tax allocation bonds, to local governments in

order to facilitate redevelopment. In order for an area to be designated as a TAD, the local government must authorize the area for redevelopment, specify why the area is in need and what type of redevelopment will

Notable TADs in Georgia:

Atlantic Station: This is a mixed use development built on a former brownfield site in Midtown Atlanta. Nearly complete, it will include approximately 6 million square feet of offices, 5000 residences, and 2 million square feet of retail and entertainment space. It will also create an estimated 30,000 jobs.

Beltline Project: This 22 mile loop around Atlanta's central business district will include parks, transit, trails, and new development of old railroad right of ways. The project will impact 45 Atlanta neighborhoods.

Camp Creek: The city of East Point created a shopping district and is creating a major business park. The shopping area was the first major retail development in South Fulton in 30 years.

Lakeside: This is a \$7 million cleanup of a landfill and brownfield site in Acworth. Redevelopment will include a major shopping area for the city.

City South Renaissance: The City of Marietta is revitalizing part of its downtown area by replacing its aging housing projects with new roads, sidewalks, infrastructure, and new residential developments.

be authorized. A city may not create a TAD if the total taxable value of the existing TADs plus

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the proposed TAD is greater than 10 percent of the total value of taxable property for that city. Atlanta is the only city in Georgia that has met this limit.

The Educational Purposes Clause of the Georgia Constitution states that local governments could not use school revenue for costs unrelated to education. Opponents of TADs claimed that these districts essentially facilitated overdevelopment by giving education revenue to developers and businesses. However, each TAD must be approved by the voters in the community in which it will exist, and more than 30 TADs already existed in Georgia at the time the law was found unconstitutional. Those in favor of TADs pointed out that school boards were some of the loudest voices urging for this constitutional amendment. In fact, school systems have a lot to gain from TADs in their districts.

In Cobb County, where more people voted against this constitutional amendment than for it, two school systems have benefitted from these districts. Marietta's city school system enjoys profit sharing in a city-owned hotel that is being revitalized as part of a TAD. Cobb County Schools has renegotiated their bond repayment schedule in order to repay bonds more quickly due to excess revenue generated from a TAD redevelopment project.

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states and the District of Columbia have enacted laws relating to charter schools. These laws vary in the flexibility provided to the schools.

Current School Choice Programs

The nation's two best-known voucher programs are found in Milwaukee (created in 1990) and Cleveland (created in 1995). Both programs resulted from the dissatisfaction of parents and community leaders, and the general feeling that the public school districts in these two cases were failing both the students and the communities. This chart depicts the growing number of students participating in the Cleveland program:

CSTP Student Enrollment

School Year	Scholarship Students	Tutoring Grants
1996-97	1,994	124
1997-98	2,914	909
1998-99	3,674	1,391
1999-00	3,406	2,421
2000-01	3,797	1,997
2001-02	4,523	2,313
2002-03	5,278	2,913
2003-04	5,887	2,736
2004-05	5,675	N/A

SOURCE: Ohio Department of Education (ODE), Office of Cleveland Scholarship and Tutoring Program. For 1996-97 through 2003-04, the number of scholarship students is based on an end of year count. The 2004-05 count is from a Dec. 1, 2004 e-mail from the Director.

Source: SchoolChoiceInfo.org

In 1999, Florida enacted the "A+ Opportunity Scholarship Program." This was the first school choice program to link student eligibility for a scholarship to attend a public or private school of their choice with academic performance; Ohio has also adopted a similar scholarship,

called EdChoice Ohio, which allows students attending schools that have been on Ohio's "academic watch list" for three years to receive a scholarship.

The logic behind these scholarship programs has resonated with a great number of people, including policymakers and state leadership – that if a school system is not making sufficient academic progress and providing the education that a student deserves, then that student should be able to transfer the public's investment in their education to a school system that will.

Several major studies, a 2004 Manhattan Institute study, a 2004 Cornell University study, and a 2005 Harvard University study, have determined that Florida's A+ Opportunity Scholarship program has produced significant academic improvements for both the students receiving scholarships and the students remaining in the failing schools. This phenomenon is credited to the fact that failing schools work hard to improve and outpace their more successful counterpart schools, because these schools do not want to lose students. In 2006, the Florida Supreme Court held that this program violates the state's constitution by violating the uniformity provision of the education article. This means that private schools are no longer included in the plan, only better-performing public schools.

In 2007, 13 states and the Dis-

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trict of Columbia provided public support for private school choice using tuition scholarship or school voucher programs, or tax credits or deductions.

Arizona has four private school choice programs, two new voucher programs, and a tax credit for donations to nonprofit organizations that fund tuition scholarships. In 2006, 24,678 students received scholarships totaling \$40.6 million through the program, and taxpayers made donations totaling \$51 million.

Florida, in addition to the above mentioned A+ Scholarship Program, has two private school choice programs, including a program for students with disabilities. There is also a tax credit in place for corporations contributing to funds providing private school scholarships for disadvantaged children.

In Georgia, Governor Sonny Perdue signed a new special needs scholarship program into law in 2007, and over 900 students received this scholarship for the 2007-2008 school year. Also, Iowa and Illinois currently have a partial state income tax credit for education expenses, and Iowa has a scholarship tax credit program.

Ohio, in addition to the Ed-Choice Scholarship program discussed previously, has additional private school scholarship programs. Furthermore, vouchers are awarded through a lottery, with priority given to children from lower-income

families.

Minnesota has a tax credit and deduction program for education expenses and lower-income families can receive a tax credit for educational expenses, not including private school tuition.

Pennsylvania, since 2001, has allowed tax credits for corporations donating to organizations



that fund private school scholarships or school improvement projects. In 2007, the state expanded this program by raising the caps on tax credits to \$75 million, with specific amounts dedicated for private school scholarships, educational programs in public schools, and pre-kindergarten scholarships.

In addition to all of these state policies and initiatives, the controversial federal No Child Left Behind (NCLB) Act, which was signed into law in 2002 and is the latest attempt at standards-based education reform, requires that states offer students in low-performing public schools the opportunity to

transfer into a higher-performing public school. The standards under the NCLB Act are actually set by the individual states, in order to comply with the Tenth Amendment of the Constitution, which provides for individual state powers. Millions of children are eligible for this transfer option, but according to the U.S. Department of Education, few children have actually benefited. Statistics show that 3.9 million students were eligible to transfer in 2003-2004, but only 38,000 children, which corresponds to less than 1 percent, actually transferred.

Selected Current State Legislation

The majority of the bills introduced in state legislatures this session have dealt with tax credits and charter schools. These charter schools regulations vary greatly, with Arizona House Bill 2037 requiring each school district and charter school to provide a specified minimum amount of recess each day for students in grades 1 through 6, to Hawaii's Senate Bill 2164, which establishes a facilities fund for charter schools that would fund the maintenance, repair, and other facilities needs of charter schools, including a tax credit to those contributing for this purpose. These wide-ranging bills show how states are fine-tuning their school choice systems, and also improving the funding and support of charter schools.

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The city of Atlanta has invested much more heavily in TADs than other Georgia cities and Atlanta Public Schools (APS) has benefitted from this. APS will receive \$7 million from bonds issued from the Atlantic Station TAD for a new elementary school. APS will receive money for a new elementary school from the Perry Bolton TAD as well. APS also received approximately \$2 million in revenue from the East-side TAD.

Voters in the metro area were overwhelmingly in favor of TADs. Based on voter response, Cobb, Douglas, and Paulding Counties were the most opposed to this amendment in the metro area. Most other Georgia Counties were split fairly evenly with a slight majority of voters in favor of TADs.

While, there are more than 30 TADs in Georgia, tax increment financing is only beginning to take flight here. The concept has been in existence for nearly 50 years. Currently, 49 states and the District of Columbia have enabling legislation for tax increment financing. Arizona is the only state that does not allow such financing.

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In the District of Columbia, DC B 140, known as the "Quality Teacher Incentive Clarification Act," provides that public charter school teachers are eligible for specified income tax deductions. In Louisiana, Senate Bill 5b would provide income tax deductions for tuition and fees paid to enroll a child in a parochial, private, or college or university-affiliated elementary or secondary school, limited to a certain amount per child. This bill also would authorize a deduction for public educational expenses such as school uniforms, textbooks, instructional materials, or school supplies.

In Georgia, the General Assembly sent House Bill 1133 to Governor Sonny Perdue, which was signed into law. This bill provides scholarships for children to attend private schools funded through private citizens and corporations' donations to nonprofit scholarship organizations. In return, they will receive an income credit. This is Georgia's most current legislation in relation to school choice.

School choice and vouchers will always be a topic of debate among Georgia citizens and within the General Assembly. Arguments against school choice have traditionally been the separation of church and state, accountability and oversight, and the acceptance method of private schools. Proponents of school choice will in turn argue that competition in the education market improves overall educational quality, that tax money should follow the student and that pub-

lic schools are failing today's students. Where we go from here remains to be seen as the issue is sure to remain at the forefront again of our policymakers' agendas.



The Senate Research Office wishes our Senators, Senate Staff and their families a safe and enjoyable Thanksgiving Holiday.

